BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	**)**	
	)	
Developing a Unified Intercarrier	**)**	**WC Docket No. 01-92**
Compensation Regime	**)**	

REPLY COMMENTS OF THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

The South Carolina Office of Regulatory Staff ("SCORS") hereby files its reply comments in response to the Federal Communications Commission (FCC) Public Notice released on March 16, 2007.[1] The SCORS filed comments on October 25, 2006, pursuant to an initial Public Notice.[2] As stated previously in our initial comments, SCORS has the responsibility to represent the public interest of South Carolina before the South Carolina Public Service Commission ("SCPSC or SC Commission") and before federal regulatory agencies. The SCORS also has the responsibility for administering the South Carolina Intrastate Universal Service Fund ("State USF") and the South Carolina Interim Local Exchange Carriers Fund ("Interim LEC Fund"), both of which reduce access charges and implicit costs in local service rates in South Carolina. In our initial comments, the SCORS agreed that the current intercarrier compensation regime is in need of reform. However, the SCORS expressed concerns and questions regarding 1) the suggested rate structure; 2) the viability and appropriateness of the restructure

[1] Public Notice, DA 07-1337, *Pleading Cycle Extended for Comment on Amendments to the Missoula Plan Intercarrier Compensation Proposal to Incorporate A Federal Benchmark Mechanism*, (Released March 16, 2007).
[2] Public Notice, DA 06-1510, *Comments South on Missoula Intercarrier Compensation Reform Plan*,. (Released July 25, 2006).

mechanism; 3) the details of the early adopter mechanism to assist states like South Carolina that have taken a proactive approach to reducing access charges and rebalancing local service rates; 4) the preemption of the states in determining access charges; 5) how benefits of the Plan will be passed on to consumers; and 6) the intermingling of intercarrier compensation with interconnection issues.

Generally, the SCORS has been and remains concerned that South Carolina consumers will experience higher telephone rates with no corresponding benefits because the State of South Carolina has been proactive in significantly reducing high intrastate access rates through the implementation of an Interim LEC Fund and an Intrastate Universal Service Fund. Supporters of the Missoula plan responded to our concerns and the concerns of other "early adopter states" by amending the Missoula Plan to include the Federal Benchmark Mechanism ("Benchmark or Amendment").

The SCORS recognizes that the proposed Benchmark is an attempt to address some of the Early Adopter states' concerns. The supporters of the Missoula Plan have characterized the Federal Benchmark Mechanism as "a significant step in the direction of a more fair and balanced approach to addressing a critical problem the original Missoula Plan filing failed to address."[3] While the SCORS agrees the Amendment is an improvement to the Missoula Plan and addresses South Carolina's Intrastate Universal Service Fund, the SCORS remains concerned that the amended plan will have a negative impact on South Carolina consumers. Specifically, it is unclear how the amended plan will impact South Carolina's $32 million Interim LEC Fund which, along with the State

[3] *Ex parte letter* from the Missoula Supporters and Five State Commissions, CC Docket No. 01-92 at 1 (filed January 30, 2007).

USF, has enabled South Carolina to reduce access charges. Without this knowledge it is difficult for SCORS to calculate the impact of the plan.

The SCORS appreciates the opportunity to participate in this process and is open to further review and discussion of possible solutions to these issues regarding intercarrier compensation.

Respectfully Submitted,

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